

Message Text

LIMITED OFFICIAL USE

PAGE 01 BONN 17562 01 OF 02 181217Z

44

ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00

INRE-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 AID-05

COME-00 EB-07 FRB-03 XMB-02 OPIC-03 CIEP-01 LAB-04

SIL-01 OMB-01 STR-04 CEA-01 AGRE-00 /092 W

----- 108990

O R 181204Z OCT 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 2596

DEPARTMENT TREASURY

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

LIMITED OFFICIAL USE SECTION 01 OF 02 BONN 17562

DEPARTMENT PASS TREASURY FOR SYVRUD AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: DEUTSCHEMARK REVALUED VIS-A-VIS SNAKE CURRENCIES

1. FOLLOWING A LENGTHY MEETING IN FRANKFURT ON SUNDAY, OCTOBER 17, ATTENDED BY THE GERMAN FINANCE MINISTER AND
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BONN 17562 01 OF 02 181217Z

CENTRAL

BANK PRESIDENTS OF COUNTRIES WHOSE CURRENCIES COMPRISE THE "SMALL" SNAKE, IT WAS ANNOUNCED THAT THE CURRENT SNAKE PARITY SYSTEM WOULD BE REVISED.

2. BEGINNING MONDAY, OCTOBER 18, THE DEUTSCHEMARK WILL BE REVALUED BY TWO (2) PERCENT AGAINST THE DUTCH GUILDER, BELGIAN FRANC AND LUXEMBOURG FRANC (THE LATTER IS NOT IN THE SNAKE), BY THREE (3) PERCENT AGAINST THE SWEDISH AND NORWEGIAN KRONES, AND BY SIX (6) PERCENT AGAINST THE DANISH KRONE.

3. CENTRAL RATES IN THE ADJUSTED SNAKE WILL THEREFORE BE:

97.8868 DUTCH GUILDERS EQUALS 1 DEUTSCHEMARK
6.7496 BELGIAN FRANCS EQUALS 1 DEUTSCHEMARK
45.0358 DANISH KRONES EQUALS 1 DEUTSCHEMARK
48.2632 NORWEGIAN KRONES EQUALS 1 DEUTSCHEMARK
60.2874 SWEDISH KRONES EQUALS 1 DEUTSCHEMARK
UPPER AND LOWER INTERVENTION POINTS WILL REPORTEDLY CONTINUE TO BE 2.25 PERCENT OFF THE CENTRAL RATE.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 BONN 17562 02 OF 02 181219Z

46

ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00

INRE-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 AID-05

COME-00 EB-07 FRB-03 XMB-02 OPIC-03 CIEP-01 LAB-04

SIL-01 OMB-01 STR-04 CEA-01 AGRE-00 /092 W

----- 109005

O R 181204Z OCT 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 2597

DEPARTMENT TREASURY

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LUXEMBOURG
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
USMISSION EC BRUSSELS
USMISSION OECD PARIS

LIMITED OFFICIAL USE SECTION 02 OF 02 BONN 17562

4. IN THE ANNOUNCEMENT, THE CENTRAL BANK PRESIDENTS
PLEDGED CONTINUED SUPPORT FOR THE SNAKE AND IMPLEMENT-
ATION OF STABILITY MEASURES IN THEIR INDIVIDUAL COUNTRIES
IN ORDER TO MAKE THE NEW ALIGNMENT VIABLE.

5. WHERE THE DOLLAR/DM EXCHANGE RATE IS CONCERNED,
FIRST REPORTS FROM FOREX DEALERS ARE THAT THE DOLLAR HAD
DROPPED AT THE OPENING BUT BY 10 A.M. WAS UP AGAIN TO
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BONN 17562 02 OF 02 181219Z

2.4440/60. TRADING IS DESCRIBED AS "HECTIC" AND RATES
ARE "FLUCTUATING WIDELY." DEALERS PREDICT CONTINUED
UNREST IN THE MARKET AS POSITIONS ARE COVERED AND AS
NEW EQUILIBRIUMS ARE SOUGHT.

6. COMMNT: PRESSURES FOR A REVALUATION OF THE DEUTSCHE-
MARK AGAINST SNAKE CURRENCIES HAD BEEN BUILDING ALL
SUMMER. BUNDESBANK INTERVENTIONS SINCE AUGUST IN
SUPPORT OF THE SNAKE TOTALED DM 7 BILLION AND THIS
INFLOW OF FUNDS HAS BEEN HAMPERING GERMANY'S EFFORTS TO
KEEP MONETARY EXPANSION AT A "DESIRABLE" LEVEL. GERMAN
OFFICIALS CONTACTED HAVE, HOWEVER, BEEN CAUTIOUS IN
THEIR ASSESSMENT OF WHETHER THE REVALUATION WILL BE
SUFFICIENT TO RELIEVE PRESSURE ON THE DEUTSCHEMARK.
HILLENBRAND

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN EXCHANGE, CURRENCIES, POLITICAL PARTIES
Control Number: n/a
Copy: SINGLE
Draft Date: 18 OCT 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BONN17562
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760390-0533
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761043/aaaabknv.tel
Line Count: 158
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 07 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 APR 2004 by ElyME>; APPROVED <07 APR 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DEUTSCHEMARK REVALUED VIS-A-VIS SNAKE CURREN- CIES
TAGS: EFIN, GE, SNAKE
To: STATE TRSY
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006